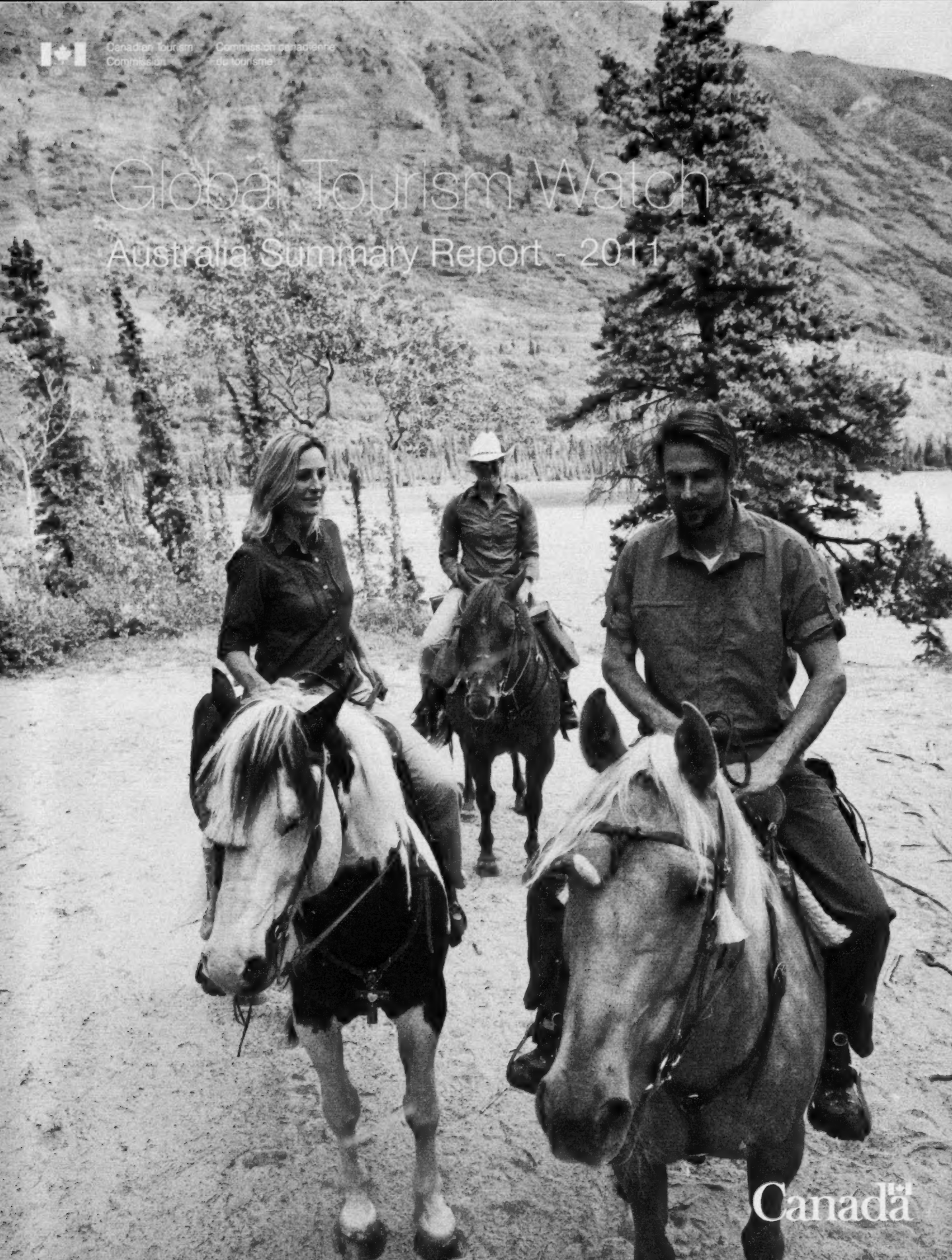
Canadian Tourism Commission | Commission canadienne de tourisme

Global Tourism Watch

Australia Summary Report - 2011



Canada

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1. Research Objectives

The Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its key markets; the Canadian domestic market was later introduced in 2009. The overall objectives of the GTW study are:

- To monitor awareness, travel intentions and other key market indicators for Canada and the regions;
- To assess perceptions of Canada and track brand performance over time;
- To identify the general experiences sought by travellers, assess Canada's competitive positioning on key products and identify growth opportunities;
- To identify motivators and barriers for travel to Canada, as well as media sources and images that lift Canada's appeal.

2. Methodology

The target population for the online survey was residents aged 18 and older, who had taken a pleasure trip where they stayed at least four or more nights with one night in paid accommodations in the past three years or plan to take such a trip in the next two years. Trips had to be outside of Australia, New Zealand, and the Pacific Islands.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In Australia, the target was n=1,500 long-haul pleasure travellers, with a quota of n=300 recent travellers to Canada. The survey was conducted in April 2011.

3. Market Outlook and Potential

As in previous years, roughly 90% of Australian travellers say that long-haul travel is important to them. However, the proportion of travellers who feel that long-haul travel is very important has been on the rise, increasing from 44% in 2007 to a peak of 51% in 2011.

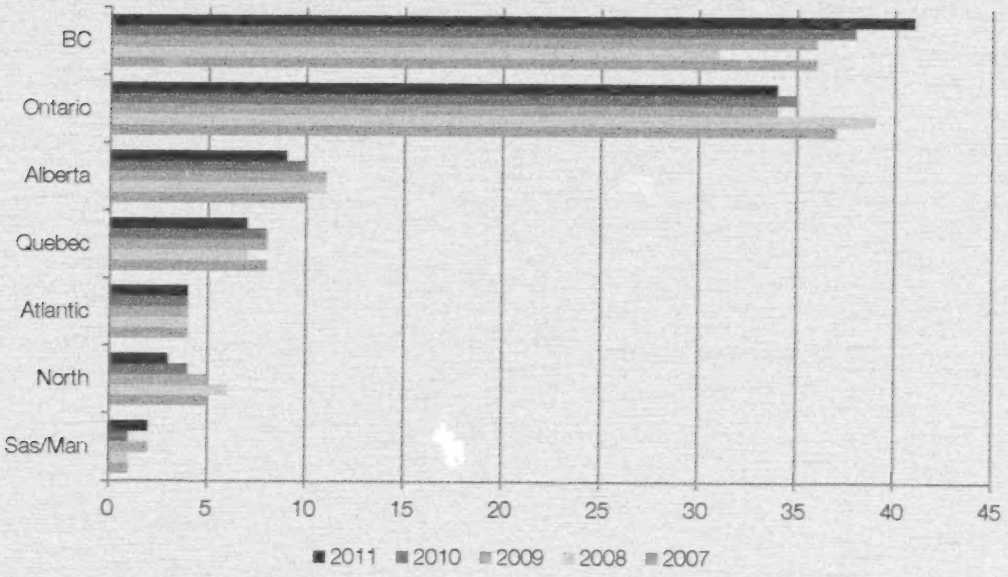
The GTW market outlook indicator (percentage difference between "will travel more" and "will travel less" in the next 3 years vs. the last 3 years) is now up 8 points over the low posted in 2009 and has returned to its former high of +32. Similarly, the proportion of travellers who say they will travel more in the next 3 years than they did in the last 3 years is back up to the 43% seen in 2007. This bodes well for long-haul travel from Australia over the next few years, with many key destinations (e.g., the US, the UK) already reporting double-digit growth in visitation in the first few months of 2011.

With travel confidence on the mend, Canada enjoyed a sharp jump in travel intentions in 2010 for both short trips of 1 to 3 nights (e.g., add-on travel to US trips) and for longer vacations of 4 or more nights.

Exhibit 3.1 confirms that British Columbia is the destination of choice in Canada for Australians. At 41%, travel intentions are up a full 10 ppt over 2008, when Ontario led the

pack. Québec and Alberta again enjoy more modest likelihood levels, with only a handful of travellers interested in the other regions.

Exhibit 3.1 Canadian Destination Most Likely to Visit



Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

Exhibit 3.2 estimates the immediate potential for the regional partners of the GTW study based on current levels of interest. British Columbia, Ontario, Québec and Alberta all stand to benefit from Australians' growing interest in long-haul travel, each with a sizeable potential market of over one million travellers.

Exhibit 3.2 Size of the immediate potential for Canada

	CDA	BC	ON	QC	AB	YK	NU
Immediate Interest[1]	24%	93%	80%	64%	59%	28%	13%
Potential (M)[2]	2.0	1.9	1.6	1.3	1.2	0.6	0.3

Base: : Long-haul pleasure travellers (n=1,517).

[1] Base for percentages is those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

[2] Results are from the random telephone omnibus survey undertaken in 2010. Base is general population aged 18 plus.

Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

4. Unaided Destination Awareness

To measure top-of-mind awareness for Canada, respondents were asked to name destinations that come to mind for an international vacation. The top three long-haul destinations have remained the same in all five years of the tracking study, with the US in top spot, followed by the UK and Canada. However, awareness of Canada has dropped to 21% this year, down a full five points from 2010, which could be because the impact of the Olympic Games has waned. As a result, Canada has lost some ground to the UK, with the two now separated by 8 ppt vs. only 3 ppt in 2010.

Exhibit 4.1 Unaided Destination Awareness

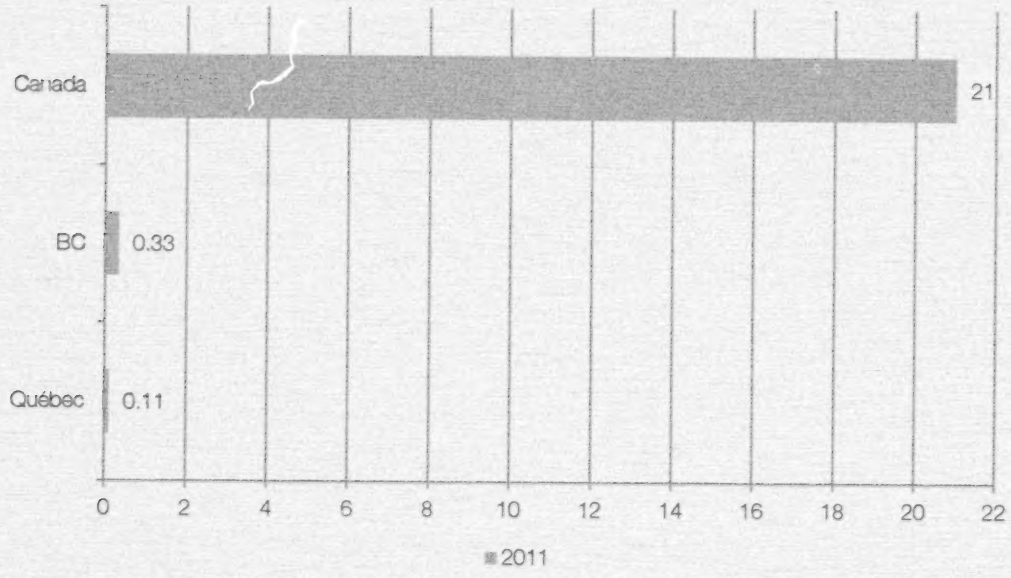
	2007	2008	2009	2010	2011
1. US	43%	43%	45%	43%	45%
2. UK	37%	32%	28%	29%	29%
3. Canada	25%	21%	23%	26%	21%
4. China	18%	17%	16%	16%	17%
5. Thailand	12%	15%	16%	16%	16%

Base: : Long-haul pleasure travellers (n=1,517).

Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

As seen in Exhibit 4.2, unaided awareness of the partner regions in Australia remains very low.

Exhibit 4.2 Unaided Awareness of Canada's regions



Base: : Long-haul pleasure travellers (n=1,517).

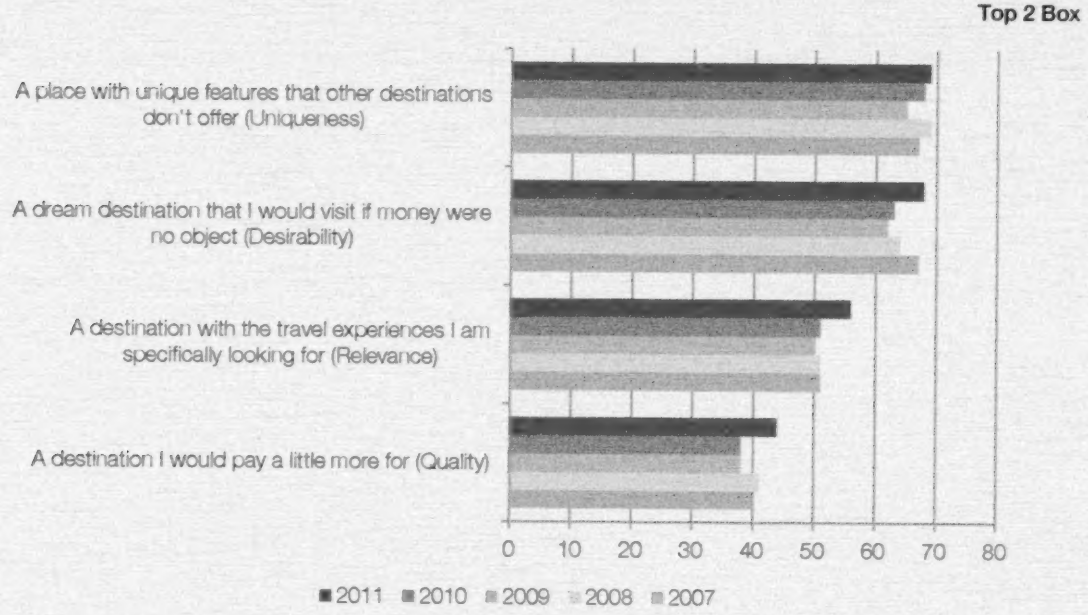
Note: Only GTW regional partners are included.

5. Canada's Value & Price Perceptions

Canada's success as a travel destination cannot be measured only by the degree to which its brand has established itself. It is important for Brand Canada to be perceived as offering value at a good price.

Australian travellers more closely scrutinized the value propositions offered by destinations in making their vacation decisions (see Exhibit 5.1). Value Perceptions have now turned around, with two years of healthy gains. All four of the individual value attributes have posted sizeable increases this year, with all but Uniqueness surpassing the levels seen in previous years. Again, these stellar results mirror Canada's performance in the US and German markets.

Exhibit 5.1 Value Perceptions



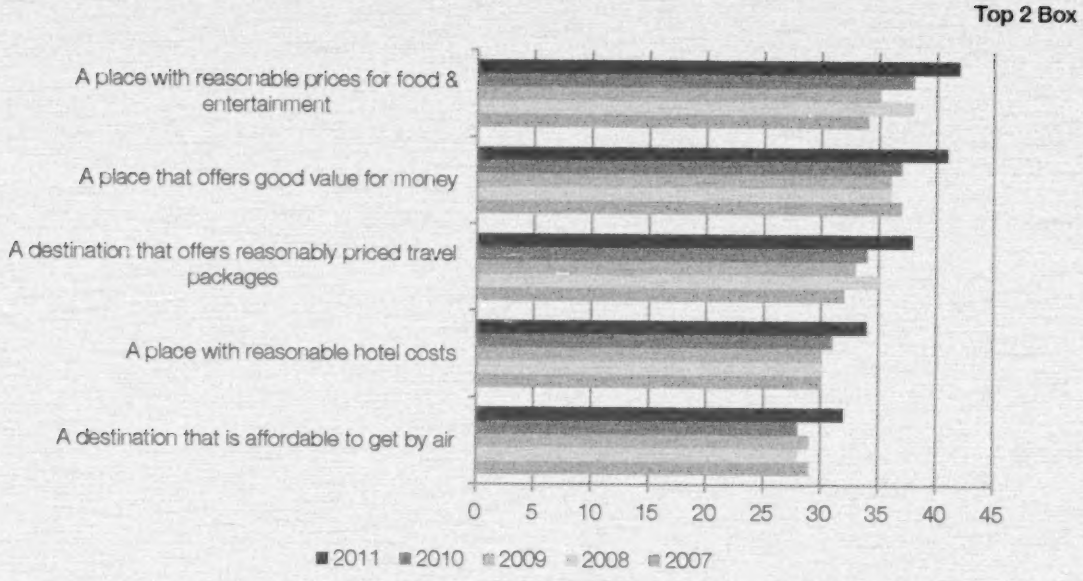
Base: : Long-haul pleasure travellers (n=1,517).

Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

In addition to brand image and destination value, cost obviously plays a major role when it comes to destination decision-making. Exhibit 5.2 shows how Canada is perceived by Australian travellers on various travel cost components.

In 2011, all five of the individual components were up significantly. One of the price attributes "food and entertainment prices" is now up 7 ppt over 2009 levels, while the other attribute "travel packages" is up by 5 ppt, with the meteoric rise in the Australian dollar no doubt helping to fuel these impressions. Continuing to push on the cost perceptions front is critical in today's highly competitive marketplace, with attractive deals a must to capture the attention of bargain-hunting Australians.

Exhibit 5.2 Price Perceptions



Base: : Long-haul pleasure travellers (n=1,517).

Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

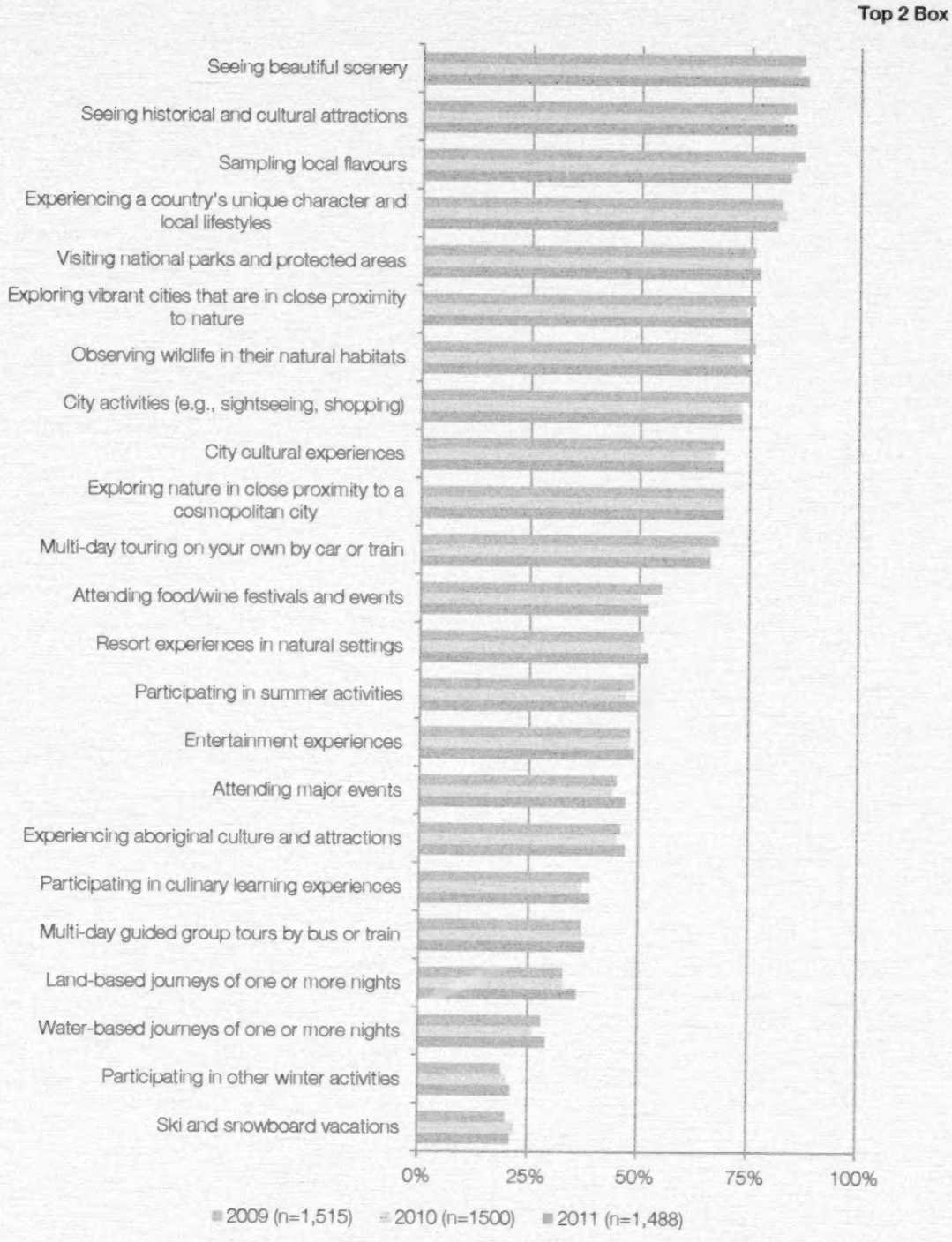
6. Product Interest

With only minor fluctuations in rank, the top five vacation interests in this market have remained the same over the last three years, with a mix of nature and cultural pursuits finding favour with Australians. Exhibit 6.1 shows that scenic views retain the top spot for the second year running, trending upward to sit at 88%. Historical and cultural attractions have also been winning more attention from Australians, with a 3 ppt gain moving this into second place. In contrast, the appeal of local flavours has softened, with a 3 ppt loss since 2009 relegating it to third place. Local lifestyles and national parks round out the top five, with over three-quarters of travellers interested in each of these pursuits.

Other top ten products include nature (e.g., wildlife), city experiences (e.g., city activities, city culture) and hybrid products that meld the two (e.g., cities close to nature and nature close to cities), with no real shifts in the popularity of any of these products this year. Other city experiences such as entertainment and major events are further down the list, with just under half of all travellers expressing interest. However, major events appears to be heating up as a driver for Australian holidays, dovetailing with the high number of Australian tourists who flocked to the World Expo in Shanghai and to sporting events such as the FIFA World Cup or Commonwealth Games.

As in all of the GTW markets, outdoor activities dominate the bottom of the chart. Between 20% and 50% of travellers are interested in skiing, other winter activities, land-based journeys, water-based journeys and summer activities, although with an upward trend emerging for most of these products. Heightened interest in outdoor pursuits and active adventure was also seen in both the US and Canadian markets this year, indicating that travellers the world over may be warming up to more active vacations. Certainly the travel industry in Australia has noted an increase in demand for trekking and cycling trips, as well as more strenuous holidays such as mountain adventures and deprivation-style boot camps.

Exhibit 6.1 Product Interests


Top 2 Box
Seeing beautiful scenery
Seeing historical and cultural attractions
Sampling local flavours
Experiencing a country's unique character and local lifestyles
Visiting national parks and protected areas
Exploring vibrant cities that are in close proximity to nature
Observing wildlife in their natural habitats
City activities (e.g., sightseeing, shopping)
City cultural experiences
Exploring nature in close proximity to a cosmopolitan city
Multi-day touring on your own by car or train
Attending food/wine festivals and events
Resort experiences in natural settings
Participating in summer activities
Entertainment experiences
Attending major events
Experiencing aboriginal culture and attractions
Participating in culinary learning experiences
Multi-day guided group tours by bus or train
Land-based journeys of one or more nights
Water-based journeys of one or more nights
Participating in other winter activities
Ski and snowboard vacations
0%
25%
50%
75%
100%
2009 (n=1,515)
2010 (n=1500)
2011 (n=1,488)

Base: : Long-haul pleasure travellers (2011 n=1,517 / 2010 n=1,500 / 2009 n=1,515).

Note: Top 2 Box refers to a rating of always or often important on a 4-point importance scale.

Results not comparable to years prior to 2009 due to changes to the product list in that year.

7. Competitive Product Positioning

Exhibit 7.1 provides more detailed results showing how Canada ranks against its six competitors on each specific product.

Canada continues to be the market leader on all nature and outdoor products except summer activities and resorts in natural settings, where it is trumped by the US. It also holds a position of strength on the two hybrid products that juxtapose city with nature. In virtually all cases, Canada leads the runner-up – typically the US – by a wide margin, firmly establishing itself as the destination for nature buffs and outdoor enthusiasts.

However, Canada's positioning on nature/outdoor attributes has weakened noticeably since last year, falling dramatically on winter activities, wildlife, national parks and nature close to cities, and trending downward on ski vacations, scenery and water-based journeys. The US, on the other hand, has forged some strong gains (e.g., up significantly on winter activities, national parks and journeys by water), with an emerging upward trend on most other nature/outdoor products. As a result, the US is rapidly gaining on Canada, although national parks is currently the only place where Canada has cause for concern. Strong initiatives to shore up Canada's positioning are called for, given the growing popularity of outdoor adventure in Australia and the increasing accessibility of the US due to deeply discounted airfares.

With Australians also having access to quality nature/outdoor products in their own backyard, the need to diversify Canada's suite of strengths is critically important. Touring products offer excellent opportunities in this regard, with a leadership position within Canada's grasp for both self-touring (11 ppt behind the UK) and group tours (6 ppt behind Italy). A good place to start would be to reverse the 4 ppt dip seen this year on independent touring.

Another worrisome trend is that Canada appears to be losing traction on cultural products, with aboriginal culture, historical/cultural attractions, local flavours and city culture all down significantly or directionally in 2011. This is disturbing in view of the need to convey a more well-rounded travel experience to Australians and enhance the culture and people pillars of the Canada brand. As the only cultural product where Canada has stood its ground, and one of the more favourably-rated such products, local lifestyles might be a good place to start. Aboriginal culture also has potential, with Canada ranked fourth and only 11 ppt behind Thailand, however, Australians are generally less likely than other travellers to be interested in the culture of indigenous peoples.

Exhibit 7.1 Competitive Positioning

	1	2	3	4	5	6	7
Ski and snowboard vacations	**CAN 79%**	USA 42%	FRA 25%	ITA 18%	UK 14%	CHN 5%	THA 4%
Participating in other winter activities	**CAN 78%**	USA 43%	FRA 20%	ITA 16%	UK 15%	CHN 5%	THA 5%
Seeing beautiful scenery	**CAN 68%**	USA 40%	ITA 27%	FRA 25%	CHN 22%	THA 22%	UK 18%
Observing wildlife in their natural habitats	**CAN 62%**	USA 43%	THA 30%	CHN 24%	UK 13%	ITA 8%	FRA 7%
Visiting national parks and protected areas	**CAN 62%**	USA 61%	UK 23%	CHN 15%	THA 15%	ITA 11%	FRA 10%
Water-based journeys of one or more nights	**CAN 56%**	USA 44%	THA 28%	UK 14%	FRA 13%	ITA 13%	CHN 8%
Exploring vibrant cities that are in close proximity to nature	**CAN 49%**	THA 30%	ITA 30%	USA 29%	FRA 26%	UK 20%	CHN 20%
Land-based journeys of one or more nights	**CAN 49%**	USA 37%	FRA 28%	UK 25%	ITA 24%	THA 20%	CHN 14%
Exploring nature in close proximity to a cosmopolitan city	**CAN 46%**	USA 32%	THA 30%	ITA 23%	FRA 20%	UK 19%	CHN 19%
Resort experiences in natural settings	USA 49%	**CAN 44%**	THA 31%	UK 21%	FRA 20%	ITA 16%	CHN 9%
Participating in summer activities	USA 46%	**CAN 37%**	THA 28%	ITA 28%	FRA 28%	UK 25%	CHN 12%
Multi-day touring on your own by car or train	UK 48%	USA 42%	**CAN 37%**	FRA 36%	ITA 34%	THA 14%	CHN 12%
Attending major events	USA 62%	UK 48%	**CAN 23%**	FRA 22%	ITA 19%	CHN 12%	THA 8%
Experiencing aboriginal culture and attractions	THA 41%	CHN 32%	USA 30%	**CAN 30%**	UK 13%	ITA 10%	FRA 10%
Experiencing a country's unique character and local lifestyles	THA 45%	ITA 44%	FRA 36%	CHN 35%	**CAN 26%**	UK 22%	USA 20%
Entertainment experiences	USA 71%	UK 40%	FRA 28%	THA 19%	**CAN 17%**	ITA 16%	CHN 9%
Attending food/wine festivals and events	FRA 63%	ITA 59%	UK 21%	USA 21%	**CAN 13%**	THA 12%	CHN 9%
Multi-day guided group tours by bus or train	ITA 33%	CHN 33%	FRA 33%	UK 32%	USA 28%	**CAN 27%**	THA 21%
City activities (e.g., sightseeing, shopping)	USA 48%	FRA 42%	ITA 37%	UK 37%	THA 26%	**CAN 20%**	CHN 19%
City cultural experiences	FRA 54%	UK 53%	ITA 50%	USA 30%	CHN 17%	**CAN 13%**	THA 13%
Seeing historical and cultural attractions	ITA 55%	FRA 49%	UK 48%	CHN 33%	USA 20%	THA 19%	**CAN 12%**
Sampling local flavours	ITA 58%	FRA 51%	THA 51%	CHN 36%	UK 12%	USA 12%	**CAN 10%**
Participating in culinary learning experiences	FRA 58%	ITA 56%	THA 33%	CHN 19%	UK 14%	USA 12%	**CAN 9%**

Base: Long-haul pleasure travellers (n=1,517).

Notes: Figures represent the percentage of respondents choosing the destination among the top 3 places to go for each attribute.

Legend: CAN = Canada, USA = United States, UK = United Kingdom, FRA = France, THA = Thailand, ITA = Italy, CHN = China.

8. Sources of Information on Canada

Exhibit 8.1 shows that approximately two-thirds (66%) of Australian travellers have seen or heard information on Canada travel in the past three months. This is fairly high, especially when benchmarked against the US at 59%.

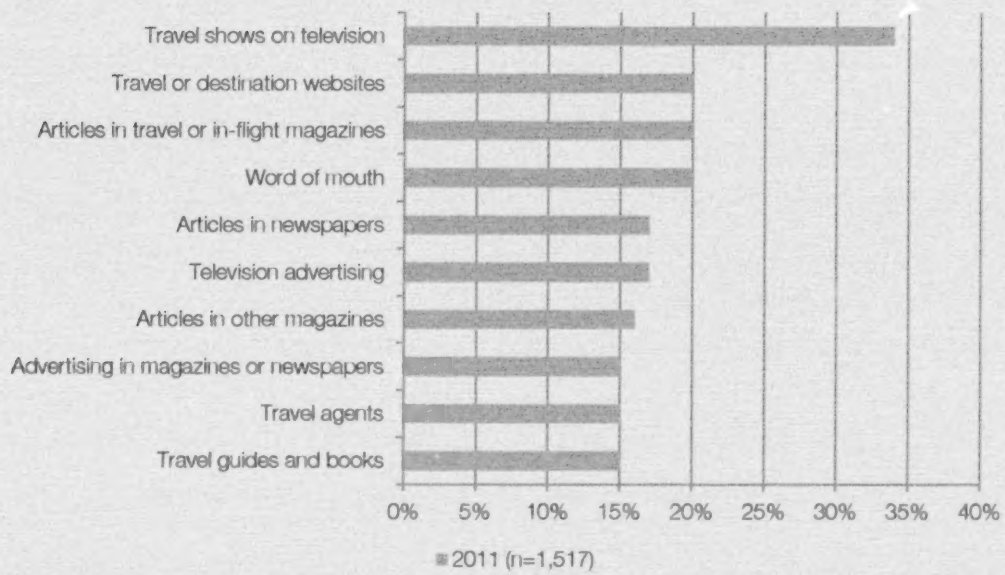
Although new items have been added to the information sources question in 2011, making the full list incomparable with that of previous years, it is evident that television travel shows are entrenched as the dominant distribution channel for this market, having held the top spot by a wide margin in each of the last five years. While word of mouth (20%) has been second in all five years, travel magazine articles and travel/destination websites performed equally well this year. These results suggest that media sources focused directly on travel are the best bet for Canada in wooing Australian travellers.

At 17%, television advertising is obviously an effective way of reaching travellers, although print advertising may offer a more economical alternative (15%). Articles in print media such as newspapers (17%) and non-travel magazines (16%) are also effective channels, as are travel guides/books and travel trade initiatives (both at 15%).

Aside from travel websites, the penetration of online initiatives is still fairly low in Australia, with email newsletters (8%), online advertising (7%) and social networking websites (7%) reaching the most travellers. While generally not as high as the penetration levels in the domestic market, virtually all of these sources exceed their performance in the US market.

Exhibit 8.1 top sources of information on Canada in the past three months

(showing top 10 sources only)



Base: : Long-haul pleasure travellers

Note: Question changed in 2011, so results are not comparable to previous years.

9. Key Barriers for Travel to Canada

Exhibit 9.1 shows why long-haul travellers from Australia are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that are likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

The main story here is that the barriers for travel to Canada have abated in 2011, with the majority of the barriers seeing significant drops since 2008/2009. This is consistent with the strengthened motivations for visiting Canada reported earlier.

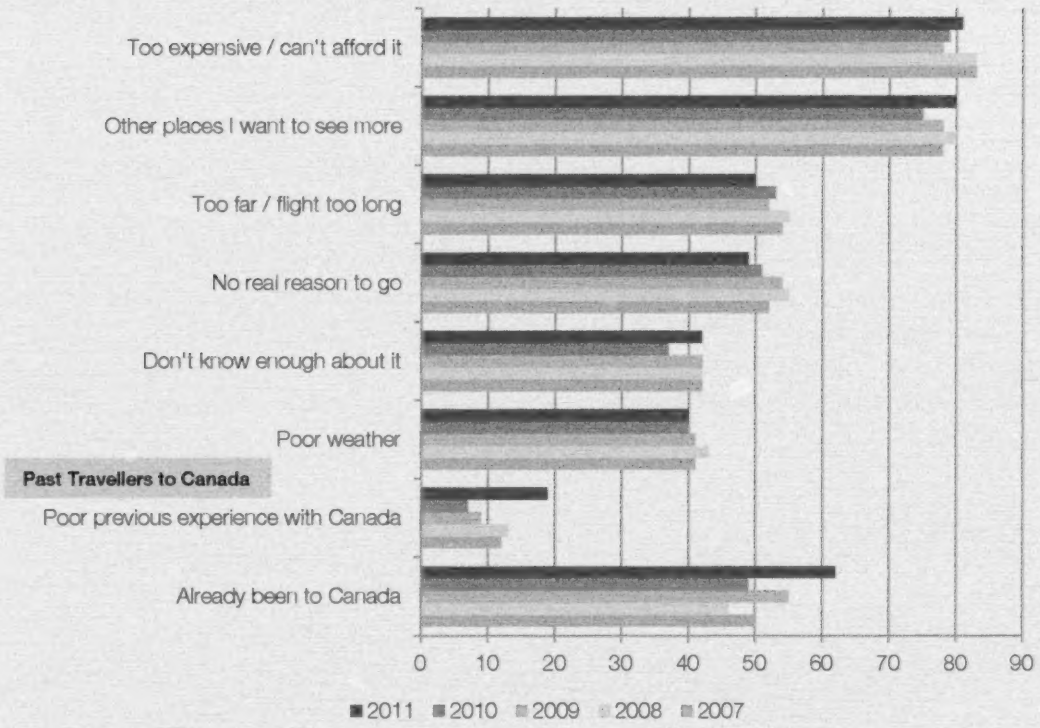
Only a few barriers buck the overall downward trend. The desire to see other places more has risen 5 ppt to hit 80% this year, returning it to 2008 levels. This dovetails with previous results that point to mounting competition for Canada from other long-haul destinations. Moreover, having been to Canada before and a poor previous experience have intensified as barriers this year among past visitors to Canada, indicating that they too are in search of greener pastures and new destinations. Taken together, these results again suggest that Canada may need to do more in the way of marketing just to maintain the status quo in the highly competitive Australian market.

Having insufficient knowledge about the destination is also trending upward, confirming that lack of awareness continues to be a prevailing issue for Canada in Australia. In fact, this has moved up to become one of the top five roadblocks for Australian travel to Canada in 2011, making awareness building more critical than ever.

Affordability, poor weather, long flights and safety concerns are the only items that did not see a significant change this year.

Exhibit 9.1 Key Barriers for visiting to Canada

(showing top 6 barriers only)



Base:: : Long-haul pleasure travellers who are unlikely to visit Canada in the near future.
Note: Percentage is the sum of major barrier and minor barrier responses.

10. Conclusions: Key Take-Aways

A clear indication of the travel boom that is currently underway in this market is the robust 22% increase in the number of potential long-haul pleasure travellers, from 6.8 million in 2007 to 8.3 million in 2011. With 1 out of every 2 Australians having taken a long-haul trip in the past 3 years or planning to do so in the next 2 years, Australia now leads the GTW markets in terms of propensity for long-haul travel.

- With the Australian dollar tipped to remain high during the better part of the year and international fares expected to remain low, the exodus of travellers from Australia will almost certainly continue in 2011. However, dampening consumer confidence is a potential downside risk. Market sentiments took a dive in the early months of 2011, with rising inflation, an unstable housing market and high household debt levels making Australians jittery.
- In fact, many consumers have rediscovered the virtues of thrift, cutting back on their discretionary spending and boosting their savings levels. Hence, the affordability of long-haul travel continues to be a formidable (and growing) barrier, cited by almost 70% of those who are not planning a long-haul trip in the next two years. While consumers are certainly being prudent, the burgeoning number of Australians abroad shows that

they can be tempted by once-in-a-lifetime deals to experience destinations that were previously out of their reach.

- Canada is one of the few major travel destinations to see a significant drop on unaided awareness and consideration, and the only destination in the competitive set that did not see a surge in interest this year. While Canada is still inherently a desirable destination (i.e., ranked as one of the top three destinations that come to mind for a long-haul vacation), it is being hurt by aggressive marketing efforts from competitors, being the only destination in the competitive set that did not see a lift in advertising recall this year. These results suggest that Canada may need to do more just to maintain the status quo in this market, particularly with the impact of hosting the Olympic Games wearing off.
- Lack of awareness remains a key issue in the Australian market, with most travellers having next to no knowledge of specific destinations in Canada beyond Niagara Falls and the Rocky Mountains. Only 24% of travellers claim to have very good or excellent knowledge of vacation opportunities in Canada, with the 6th place ranking on this measure being one of the poorest showings in any GTW market. For over 60% of Australians, Canada represents an indistinct entity that they know nothing about or a pipe dream that they would love to visit at some point in the distant future. Clearly, Canada needs to stoke awareness in this market and give potential travellers a more tangible picture of specific destinations and experiences to move them along the purchase cycle.
- When it comes to perceptions of Canada, the news is all good. With the buoyant economy, travel conditions returning to normal, the Aussie dollar soaring and airfares sliding to all-time lows, value and price perceptions are on the up and up, not only returning to their 2007 levels, but exceeding them. Both measures have now hit five-year record highs, with virtually every individual attribute posting significant or directional gains this year.
- However, enhancing the price perception will need to be a critical part of Canada's marketing strategy in Australia as consumers have proven to be heavily motivated by airfare deals and discounted packages. Addressing perceptions of expensive flights is a must if Canada wants to see further increases in the number of Australians flocking to its shores, particularly in view of the lingering skittishness among consumers when it comes to spending.
- Dovetailing with the strengthening perceptions of Canada is the fact that virtually every motivation for visiting Canada is on the rise this year. In addition, almost every travel barrier has eased, with the desire to see other places being the only roadblock to have intensified in 2011.
- Canada's scores on most nature/outdoor products have withered this year in the face of strong gains by the US. With both outdoor adventure and US vacations becoming more popular in Australia, it would obviously be in Canada's best interests to shore up its positioning here. More alarming perhaps is the fact that Canada is losing traction on cultural products as well. While the US saw gains on several cultural products, Canada posted losses on virtually all of them. Enhancing its cultural cachet is probably a top priority for Canada to strengthen its overall brand image in Australia and provide the heady mix of nature and culture that these travellers seek. Touring (including both self-touring and guided tours) is another way for Canada to diversify its product portfolio.